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December 21, 2011

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, D. C. 20423

Re: Docket No. FD 35490, Sierra Northern Railway -- Acquisition
and Operation Exemption -- Union Pacific Railroad Company

Dear Ms. Brown:

Attached for filing in the subject proceeding is the Petition to Withdraw the
Notice of Exemption of Sierra Northern Railway.

Information concerning the payment of the \$250 filing fee earlier today was
facsimile transmitted to the Board.

I certify that a copy of this letter has been served on counsel for the Union Pacific
Railroad Company, Mack H. Shumate, Jr., Esq. by e-mailing a copy to him at
mackshumate@UP.com.

If you have any question concerning this filing or if I otherwise can be of
assistance, please let me know.

Best wishes for a Merry Christmas and a happy and healthy 2012.

Sincerely yours,


Fritz R. Kahn

cc: Mack H. Shumate, Jr., Esq.
Torgny R. Nilsson, Esq.
Mr. David Magaw

SURFACE TRANSPORTATION BOARD

Docket No. FD 35490

**SIERRA NORTHERN RAILWAY
-- ACQUISITION AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY**

**PETITION TO WITHDRAW THE NOTICE OF EXEMPTION
OF
SIERRA NORTHERN RAILWAY**

EXPEDITED ACTION IS URGENTLY REQUESTED

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Attorneys for

SIERRA NORTHERN RAILWAY

Dated: December 21, 2011

SURFACE TRANSPORTATION BOARD

Docket No. FD 35490

**SIERRA NORTHERN RAILWAY
-- ACQUISITION AND OPERATION EXEMPTION --
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OF
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EXPEDITED ACTION IS URGENTLY REQUESTED

Petitioner, Sierra Northern Railway of Woodland, Calif. ("SERA"), pursuant to 49 C.F.R. §1115/5(a), seeks leave to withdraw its Notice of Exemption, filed April 5, 2011, and as grounds therefor states, as follows:

1. SERA has rendered service on the 31-mile Santa Cruz Branch line between Watsonville and Davenport, Calif., and incidental trackage rights ("Line"), following the Board's authorization in Docket No. FD 35331, Sierra Northern Railway--Lease and Operation Exemption--Union Pacific Railroad Company, served December 17, 2009.
2. By its Notice of Exemption in the instant proceeding SERA sought the Board's authorization to acquire the retained freight operating easement of the Union Pacific Railroad ("UP") and to render operations on the Line following UP's sale for \$14.2 million of the Line's physical assets to the Santa Cruz Regional Transportation Commission ("Santa Cruz").

3. The Board, by its Decision in Docket No. FD 35491, Santa Cruz Regional Transportation Commission--Petition for Declaratory Order, served December 15, 2011, concluded that the conveyance by UP of the physical assets of the Line to Santa Cruz would not cause Santa Cruz to become a rail carrier and, accordingly, no Board authorization would be required for UP's conveyance of the Line's physical assets to Santa Cruz.

4. The conveyance of the physical assets of the Line from the UP to Santa Cruz has not yet occurred; nor has the conveyance of by UP of its retained freight operating easement to SERA. In short, the Board authorized transactions have not been consummated, and expedited action is urgently requested so that the SERA's Notice of Exemption may be withdrawn in advance of the consummation of the authorized transactions.

5. In the meantime, UP continues to have its retained freight operating easement, and SERA remains the lessee of the UP's retained freight operating easement, rendering service on the Line. It will continue to do so until such time as it is relieved of that obligation by the Board.

6. SERA, however, has determined that the Line cannot be operated profitably. In 2011 SERA incurred approximately \$400,000 in maintenance and other costs in operating the Line, while generating only about \$136,000 in gross revenues. Obviously, SERA cannot afford to continue to sustain such losses, and it is for that reason that SERA seeks the Board's authorization to withdraw its Notice of Exemption.


WHEREFORE, Sierra Railroad Company asks the Board to grant it leave to
withdraw its Notice of Exemption, filed April 4, 2011.

Respectfully submitted,

SIERRA RAILROAD COMPANY

By its attorneys,

Torgny R. Nilsson
General Counsel
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Tel.: (530) 759-9827


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Dated: December 21, 2011

VERIFICATION

I, David Magaw, President of Sierra Northern Railway of Davis, Calif., declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Petition to Withdraw the Notice of Exemption and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Sierra Northern Railway. I know that willful misstatements or omission of material fact constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

Dated at Woodland, CA this 20th day of December 2011


David Magaw

CERTIFICATE OF SERVICE

I certify that I this day served the forgoing Petition to Revoke to Withdraw the Notice of Exemption on the Union Pacific Railroad Company by e-mailing copies to its counsel, Mack H. Shumate, Jr., Esq., at mackshumate@UP.com.

Dated at Washington, DC, this 21st day of December 2011.



Fritz R. Kahn